



Hill Climbers

Young producers learn firsthand how Washington works with a visit to Capitol Hill.

First, do no harm. That simple idea, an oath taken by new physicians, is also the request U.S. agriculture leaders are making of Washington legislators.

Producers gathered in the nation's capital in June at the 2017 Washington Conference of the National Council of Farmer Cooperatives (NCFC). Tackling topics from tax reform to immigration, they joined discussions and listened to experts on the many issues before Congress that will have a big impact on agriculture.

Trade was among the top concerns. After U.S. withdrawal

from the Trans-Pacific Partnership agreement, which could have opened Asian markets to U.S. agricultural products, and amid talk of renegotiating the North American Free Trade Agreement, producers were eager to learn more about how political decisions could affect rural economies. Currently, 45 percent of U.S. agriculture exports go to just three countries: Mexico, Canada and China.

"We live in interesting times," NCFC President Chuck Conner told attendees, commenting on the political climate in Washington. "I've seen nothing like this before. >



Producer Scott Neufeldt of Inman, Kan., right, shares his views with staffers in the office of Representative Rick Nolan of Minnesota. He was joined by his wife Chelsi Neufeldt and Tyson Lovejoy, who farms 3,000 acres of wheat and soybeans with his wife Cassie near Roseau, Minn.

“It goes back to trade; it goes back to the inland waterway system. All the issues we talked about today affect how I grow my farm. I’ve got to know all this. Coming to events like this, knowing people and networking, is the biggest key to my business.”

— Scott Neufeldt

“I really appreciate how this cooperative has made space for young producers. It feels like there is great intention in incorporating us into the process and in building up the next generation.”

— Robin Dormaier

“This event has showed me there are people fighting for what’s right for the co-op and the farmer. When you are out on the farm, you don’t always realize what’s going on behind the scenes. It’s very cool to see the other side of things.”

— Tyson Lovejoy

ROLL CALL

These issues were on producers’ minds as they met with members of Congress in June.

★ NAFTA

In the 20 years since the North American Free Trade Agreement (NAFTA) was implemented, U.S. food and agriculture exports to both Canada and Mexico have more than quadrupled — growing from \$8.9 billion in 1993 to nearly \$43 billion in 2016. With U.S. agriculture productivity growing faster than domestic demand, the agriculture industry — and the rural communities that depend on it — relies heavily on exports to maintain prices and revenues.

For every dollar of agricultural exports, another \$1.27 is generated in business activity, according to U.S. Department of Agriculture estimates. In 2016, food and agriculture exports to Mexico and Canada supported \$54.6 billion in additional business activity.

“Canada and Mexico are key markets for commodities CHS exports on behalf of our owners and our cooperatives,” says Sarah Gallo, CHS Washington representative. “We don’t want to lose access to those markets. It becomes an especially important discussion when commodity prices are low.”

★ Infrastructure

Agriculture relies on efficient, reliable transportation across the United States. With Congress and the Trump administration expressing interest in infrastructure planning, members of the ag community and CHS remain concerned about the nation’s inland waterway system. “We want to make sure rural infrastructure is part of that plan and the needs of rural America are met,” says David Cobb, CHS Washington representative. “Particularly when we look at how the lock-and-dam system is aging.”

Early proposals suggest that funding for inland waterways could come from user fees, tolls on locks or a new system of public-private partnerships, says Cobb, but a successful funding system is already in place. Currently, the commercial barge and towing industry pays 50 percent of the cost of inland waterway construction and rehabilitation through the assessment of a 29-cents-per-gallon diesel fuel tax paid into the Inland Waterways Trust Fund (IWTF), which is paired with matching federal funds.

To calculate possible fee increases, the Illinois Corn Growers Association conducted a 2015 study to examine the impact of alternative financing options. An additional user fee of \$0.014 to \$0.036 per bushel would mean a 15-barge tow carrying 875,000 bushels of corn could pay an additional \$31,500 per lock.

“Before we would support increased lockage fees or additional fees on shippers, we want to highlight that we already have a partnership that is working,” Cobb says, adding that contributors to the IWTF agreed to pay more into the trust fund in 2014 by taking a self-imposed 45 percent tax increase.

★ Tax Reform

As Congress takes up the issue of tax reform, any reduction in corporate taxes would likely involve elimination of deductions favorable to cooperatives and producers. While no specific legislation has been introduced, a “blueprint for comprehensive tax reform” introduced in June 2016 by the House Republican task force on tax reform called on Congress to lower the corporate tax rate from 35 percent to 20 percent. To offset revenue losses, the plan identified the Section 199 Domestic Production Activities Deduction as an example of a special-interest deduction that would “no longer be necessary.”

Enacted as part of the American Jobs Creation Act of 2004, the Section 199 tax deduction applies to agriculture products produced, manufactured, grown or extracted by cooperatives or that are marketed by cooperatives, says Cobb. “Cooperatives may choose to keep the deduction or pass it through to their farmer-members, making it extremely beneficial to both.”

The tax credit has been serving the purpose intended by Congress, by encouraging domestic job creation and investment in rural America. To offset the loss of Section 199 for a cooperative, the corporate tax rate would need to be even lower than the 20 percent rate called for in the blueprint, says Cobb.

Photo on page 20: Joining CHS President and CEO Jay Debertin, left, on Capitol Hill were young producers, from left, Robin and Dan Dormaier of Almira, Wash.; Tyson and Cassie Lovejoy of Warroad, Minn.; Keaton Sameshima of Alt, Colo.; and Chelsi and Scott Neufeldt of Inman, Kan.



Representative Cathy McMorris Rodgers, right, meets her constituents, producers Dan and Robin Dormaier of Almira, Wash.



Michigan Congressman Jack Bergman, left, who is a retired United States Marine Corps lieutenant general, speaks about important issues with CHS. Also pictured are, from left, CHS Board Member C.J. Blew, CHS Washington Representative Sarah Gallo and CHS Board Chairman Dan Schurr.



Representative Ken Buck of Colorado, left, meets with his constituent Keaton Sameshima, a young producer from Alt, Colo., and member of Agfinity.

“An old adage goes, ‘United we stand; divided we fall.’ As a cooperative, we can stand together or we can fall alone. The biggest thing about cooperatives is you own them. They have a vested interest in keeping you running.”

— Keaton Sameshima

> That is why it is so important that you are here and are able to engage in this process.”

Seven young producers, chosen from the CHS New Leaders program and sponsored by their local cooperatives and CHS, joined CHS board members and executive staff to attend the conference, visiting U.S. House and Senate offices to discuss CHS legislative priorities.

“They care about us young producers,” says Scott Neufeldt, who attended the conference with his wife Chelsi, supported by their local co-op, MKC. They farm near Inman, Kan. “That’s why we are here — we are looking at the future.

“I was interested in NAFTA and learning about trade with Canada and Mexico, and other countries too,” says Neufeldt.

“We increased production last year and with that surplus we have lower prices. I need to learn where we are with trade with other countries to see how I can plan on my farm for the future.”

For CHS and members of Congress, the young producers provided valuable insight and personal stories. “I think from the perspective of sitting on a tractor in the middle of our field, compared to the perspective here, where people are seeing the inner workings of policy that directly affect how we farm,” says Washington producer Robin Dormaier, who attended with her husband Dan. “And I think about how those two perspectives come together — what values come out of that. That’s the value of an event like this.” ■

SEE MORE — Watch a video of these young producers in Washington, D.C., at chsinc.com/c.